



# NERC Compliance Monitoring and Enforcement Program

## Texas Regional Entity

### 2010 Implementation Plan

November 2009

# Table of Contents

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<b>1. Introduction</b> .....	<b>1</b>
<b>2. 2010 Texas RE Compliance Monitoring and Enforcement Program Organization</b> .....	<b>2</b>
<b>3. 2010 Program Implementation - Discovery</b> .....	<b>4</b>
3.1 Application of Discovery Methods under the CMEP .....	4
3.1.1 <i>Compliance Audit and Self Certification</i> .....	4
3.1.2 <i>2010 Compliance Audit Schedule</i> .....	7
3.1.3 <i>Semi-Annual Self Certifications for CIP-002 through CIP-009 Reliability Standards</i> .....	7
3.1.4 <i>Spot Check</i> .....	8
3.1.5 <i>Periodic Data Submittals</i> .....	10
3.1.6 <i>Exception Reporting</i> .....	11
3.1.7 <i>Compliance Violation Investigation</i> .....	12
3.1.8 <i>Self Report</i> .....	12
3.1.9 <i>Complaint</i> .....	12
3.2 Reliability Standards Subject to 2010 CMEP Implementation.....	13
<b>4. 2010 Program Implementation - Enforcement</b> .....	<b>15</b>
<b>5. 2010 Program Implementation – Registration and Certification</b> .....	<b>18</b>
<b>6. Outreach Efforts</b> .....	<b>20</b>
<b>7. Self Improvement Activities</b> .....	<b>22</b>
7.1 Internal Training .....	22
7.2 Self Assessments and Benchmarking .....	22
7.3 Experience .....	22
7.4 Texas RE’s Self Improvement Goals for 2010 .....	23
<b>8. 2010 Standards and Audit Schedule</b> .....	<b>25</b>
8.1 “Actively Monitored” Standards identified for the 2010 Compliance Program " .....	25
8.2 Texas Regional Entity’s 2010 Draft Annual Audit Plan.....	30

# 1. Introduction

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## 1.1 Compliance Program Overview

This document describes the historical background and key principles along with assessment and enforcement methods used by the Texas Regional Entity (Texas RE) to execute the Compliance Monitoring and Enforcement Program (CMEP) for the North American Electric Reliability Corporation (NERC) Reliability Standards in the Electric Reliability Council of Texas (ERCOT) Region. Further details are contained in NERC's Rules of Procedure and the Regional Delegation Agreement between NERC and Texas RE. Sections below and attachments describe the assessment and enforcement related activities planned in 2010.

## 1.2 Implementing Procedures

In the United States, the North American Electric Reliability Corporation (NERC) has delegated its compliance and enforcement authority to Regional Entities, along with certain other duties such as Regional Standards development. All of these functions are described in detail in NERC's Rules of Procedure. Within ERCOT's regional footprint, Texas RE has been delegated the responsibility to monitor, assess, and enforce compliance to NERC's Reliability Standards by owners, users and operators of the bulk power system in accordance with the Regional Delegation Agreement approved by the Federal Energy Regulatory Commission (FERC). These delegated functions include, but are not limited to: registration, data gathering, data reporting, monitoring, investigations, auditing, evaluating and determining compliance and non-compliance, imposing penalties and sanctions, and approving and tracking mitigation plans. Further details can be found in Texas RE's Regional Delegation Agreement filing, along with the Texas RE business plan and budget information.

The 2010 Implementation Plan is based on:

- NERC Rules of Procedure
- Compliance Monitoring and Enforcement Program
- Regional Entity Delegation Agreement
- NERC Board of Trustees and regulatory-approved Reliability Standards
- History of the compliance activities and findings
- Input from reliability performance
- Risk based criteria scope for compliance audits and self certifications

The objective of the Implementation Plan is to:

- Promote the reliability of the bulk power system through rigorous compliance monitoring and enforcement activities
- Facilitate uniformity of compliance activities throughout North America, Canada, and Mexico, in cooperation with NERC and the other Regions.
- Improve the compliance program by analyzing compliance monitoring experience and implementing necessary improvements.

## 2. Texas RE Compliance Monitoring and Enforcement Program Organization

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### 2.1 Governance

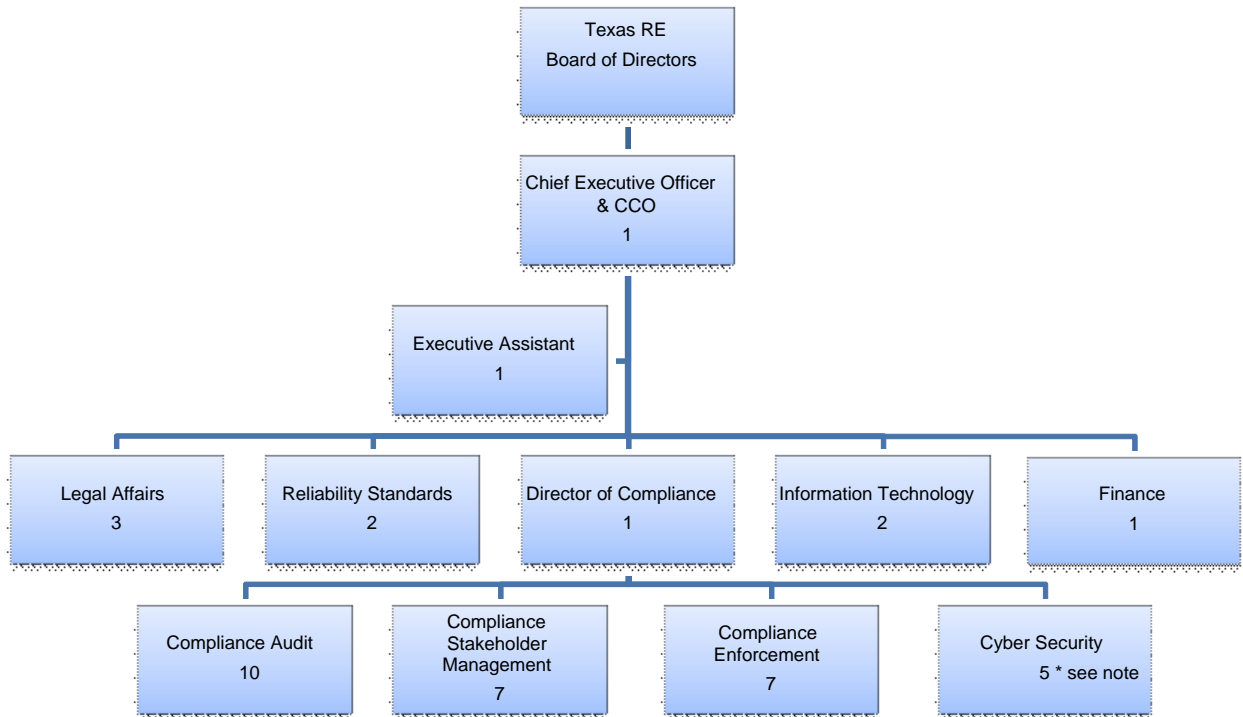
Texas RE is an independent division of Electric Reliability Council of Texas, Inc. (ERCOT). Because the other ERCOT division is the independent system operator (ISO) for the ERCOT Region, the ERCOT corporate bylaws provide for strong separation between Texas RE and ERCOT ISO, as set forth in Texas RE's Regional Delegation Agreement, as approved by NERC and the Federal Energy Regulatory Commission (FERC). The Texas RE Board of Directors governs overall business and activities; its membership includes representation of different industry market segments. Texas RE is led by a chief executive officer with the title CEO and Chief Compliance Officer (CCO) who reports to the Texas RE Board and directs staff to achieve the stated program goals, as described in more detail in the 2010 Texas RE Business Plan and Budget. Texas RE is also not dependent on stakeholder committees in its NERC compliance roles, although reports are provided to ERCOT Regional committees, subcommittees and technical working groups. Texas RE is currently pursuing legal separation from ERCOT and is in the process of forming a separate legal entity which will seek approval of an amended Regional Delegation Agreement with NERC for the ERCOT Region in early 2010. The separation may require the addition of administrative staff, but is not expected to impact the compliance monitoring or enforcement staffing.

### 2.2 Compliance Staff Role

Texas RE staff handles all activities within the Region for registration, compliance monitoring and enforcement. Industry volunteers and stakeholder technical committees are not part of these duties. Contractors may be used to augment staff but are not presently part of the work plan for compliance duties. Any contractors, if used, would work under the direction and review of Texas RE in accordance with NERC's Rules of Procedure.

The staff chiefly responsible for compliance-related activities, is organized into the Compliance department under the Director of Compliance. The Compliance Audit group will perform most of the compliance monitoring duties, except for event analysis and investigations. The Compliance Enforcement group will perform enforcement duties, working with the Legal department, as needed, to process violations, and will perform event analysis and investigations. The Compliance Stakeholder group will maintain registration and overall work progress, provide notifications and assure that records and documents are maintained, and oversee the self-certification and data submittal processes. The Cyber Security subgroup will provide expertise in and verification of the CIP standards and will oversee the Technical Feasibility Exception (TFE) process.

Texas RE's 2009 organization chart is provided below.



Note: The cyber security staff will have two positions during 2010. Texas RE's Board has approved the addition of up to three staff in 2010 to work with technical feasibility exceptions (TFE's) as part of the cyber security group, with final headcount dependent upon the volume of TFE's requested by Registered Entities for the CIP-002 through -009 Standards. At present, no TFE's have been received and the volume is unknown. All of these positions are unfilled as of the date of this document.

## 3. 2010 Program Implementation - Discovery

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### 3.1 Application of Discovery Methods under the CMEP

The Texas RE 2010 CMEP will include all regulatory authority-approved Reliability Standards subject to assessment by spot checks, compliance violation investigations and complaints. Starting in 2009, NERC and the Regional Entities developed a risk based criteria for determining the scope of compliance audits and self certifications. The risk based criteria will help compliance auditors focus on the Reliability Standards that if violated pose the highest risk to the reliability of the bulk power system.

Texas RE expects to utilize the monitoring methods as described in Section 3 of Appendix 4C of NERC's Rules of Procedure and the uniform Compliance Monitoring and Enforcement Program (CMEP). Texas RE will use internal procedures, checklists and forms to aid in execution of the steps required in the CMEP. After review, any possible violations uncovered by these means will be handled through the enforcement actions detailed in Section 5 of the same document. The designated primary compliance contact at the Registered Entity shall serve as the single point of contact with Texas RE for communication regarding monitoring and assessment.

#### 3.1.1 Compliance Audit and Self Certification

Requirements have been selected based on risk to the reliability of the bulk power system for inclusion in the 2010 compliance audits and self certifications. The risk-based criteria include Reliability Standard requirements that have been identified:

- With a high Violation Risk Factor.
- In the NERC top 10 list of allegedly violated Reliability Standards.
- In past events and major reliability issues.
- As a regional variation. (This will be a Regional Entity specific selection.)
- As cyber security Reliability Standards (all requirements in Critical Infrastructure Protection [CIP] Reliability Standards).
- In the audited entity's past performance. (This will be an audited entity-specific addition to the audit scope.)
- As a result of a Registered Entity increasing its compliance responsibility due to mergers or acquisitions. (This will be an audited entity-specific addition to the audit scope.)

Based on recommendations from the Regions, Event Analysis and Tracking, Reliability Performance, NERC's management, and the risk analysis described above, NERC has identified 55 Reliability Standards including 554 requirements for 2010 compliance audits and self certifications; this is an increase from 49 standards and 418 requirements in the 2009 CMEP implementation plan.

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## **Compliance Audits**

Auditing is the primary tool for compliance monitoring. All Registered Entities are subject to audit for compliance with the Reliability Standards applicable to the functions for which the entity is registered. All compliance audits shall be conducted in accordance with audit guidelines established by NERC. Audits begin with notification of the entity and questionnaires sent two months prior to the published audit time. Steps outlined in Section 3.1 of the CMEP will be followed in conducting the audit and issuing the audit report, in addition to the NERC Compliance Auditor Manual. Feedback will be requested from the Registered Entity following the audit, using forms and steps developed and amended by NERC for this purpose. As noted earlier, current plans call for Texas RE staff to perform all audits, which will examine those standards included in the 2010 actively monitored program for each year since the entity's last audit or the entity's effective date of registration. Texas RE auditors – whether staff or possible contractors – will sign the Texas RE's ethics agreement, abide by the code of conduct, respect confidentiality and conflict of interest provisions, and complete NERC auditor training prior to participation in audits.

As the ERCOT ISO presently holds the only registration for top level NERC functions of Reliability Coordinator, Balancing Authority, Transmission Operator and Planning Authority, Texas RE plans to conduct an on-site audit in 2010 of those standards added to the program in 2010 that are applicable to the ISO, as well as review any issues from previous audits or assessments (the ERCOT ISO was audited in 2007, 2008 and 2009.) The ERCOT ISO also holds the sole registration as Transmission Service Provider, Interchange Authority and Resource Planner in this Region. NERC staff will lead this audit until Texas RE completes its separation from the ERCOT ISO organization. Other ERCOT entities who maintain a local control center in direct operational communication with ERCOT have received audits on a three-year cycle, and that effort will continue in 2010. These entities have local control centers connected to the ERCOT ISO's wide-area communications network and have signed agreements under the ERCOT Protocols as Transmission and Distribution Service Providers (TDSP's) or Qualified Scheduling Entities (QSEs). These entities typically hold NERC Registrations as Transmission Owners or Generator Operators, respectively (although other arrangements may exist). These audits involving the ISO and local control centers will typically be conducted on-site at the entity. Within the ERCOT Region, compliance audits for other entities will be on a six-year cycle consistent with their NERC registration. These audits are planned as off-site reviews. Texas RE may additionally request unscheduled audits following events or significant changes in an entity's status.

Besides the actively monitored standards, additional material may be reviewed during audits. Mitigation plans completed or pending in the year of the Compliance Audit will be included in the scope of audit in accordance with Section 4.1.1 of the NERC 2010 CMEP Implementation Plan. Registered Entities must be prepared to provide the Mitigation Plan status to the compliance audit team including documentation and evidence of validation for completed

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Mitigation Plans. Section 4.1.1 of the NERC 2010 CMEP also notes that Regional Entities have the authority to expand the audit based on regulatory authority approved Regional reliability standards, the Registered Entity's past performance, and other factors that impact the risk to reliability of the bulk power system. This statement allows the inclusion of other standards beyond those on the actively monitored list based on a review of these factors by Texas RE in preparing or conducting an audit in 2010.

Section 3.1.2 contains the proposed schedule of all NERC compliance audits to be conducted in 2010 and includes the identity of the entity scheduled for audit.

### **Self-Certification**

Texas RE will continue to use self-certification by Registered Entities to affirm that they meet requirements of applicable, actively monitored Reliability Standards in the 2010 program. Registered Entities subject to a compliance audit during the 2010 program year will be expected to provide a self-certification as well. *This is a change from previous years' practice in the Region and is an effort for all NERC Regions to align with this practice.*

Past years' self-certification involved transmittal and completion of a response form that listed applicable standards. Texas RE and five other Regions have transitioned to a common web-based portal (the Guidance system) and this will be used to the maximum extent possible for self-certifications in 2010. As in the past, and in accordance with the NERC CMEP Section 3.2, Registered Entity notification will be provided at least 30 days prior to due dates to prepare their response. Typically, data is not included with self-certifications. The data will be reviewed and validated via subsequent audits or spot (i.e. random) checks. Texas RE will review all self-certifications and determine the final status of compliance where possible violations are indicated by the Registered Entity, which may require contacting the entity for supplemental information to provide a record. Details on self-certifications will be posted on the Texas RE Web page to assist Registered Entities.

The following is the Texas RE's proposed schedule for the 2010 Self Certification process for portal submission and posting:

- January 2010 – Completed CIP 002-009 Self-Certifications from entities registered for GO, GOP and TO functions will be due back to Texas RE.
- June 1, 2010 - Texas RE will post the Self-Certifications for entities registered for the GO and GOP functions.
- July 1, 2010 - Completed Self-Certifications from entities registered for the GO and GOP functions will be due back to Texas RE.
- July 1, 2010 - Texas RE will post the CIP 002-009 Self-Certifications for entities registered for the GO, GOP and TO functions.

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- August 2, 2010 - Completed CIP 002-009 Self-Certifications from entities registered for the GO, GOP and TO functions will be due back to Texas RE.
  - August 2, 2010 - Texas RE will post the Self-Certifications for entities registered for the DP,PSE, LSE, TO and TP functions
  - September 2, 2010 - Completed Self-Certifications from entities registered for the DP,PSE, LSE, TO and TP functions will be due back to Texas RE
  - September 2, 2010 - Texas RE will post the Self-Certifications for the ERCOT ISO and other entities registered for the TOP, BA, RC, PA, RP, TSP, and IA functions.
  - October 4, 2010 - Self-Certifications from entities registered for the TOP, BA, RC, PA, RP, TSP, and IA will be due back to Texas RE.

All entities will have 30 days to submit their completed Self-Certification through the Texas RE Portal.

### **3.1.2 2010 Compliance Audit Schedule**

Texas RE's proposed 2010 audit schedule can be found in Section 8.2 of this document.

Texas RE's proposed 2010 Audit Schedule contains both on-site and off-site components. This distinction is only relevant to the location of the audit activities. Both onsite and off-site audits are compliance audits and are performed essentially via the same process. The only difference is logistics.

### **3.1.3 Semi-Annual Self Certifications for CIP-002 through CIP-009 Reliability Standards**

For 2010, compliance assessment with CIP-002 through CIP-009 includes validating the Responsible Entity's status of BW (Begin Work), SC (Substantially Compliant), C (Compliant), and AC (Auditably Compliant), per the implementation tables in Section 8d. A special survey and questionnaire has been developed in coordination with NERC.

- "Begin Work" means a Responsible Entity has developed and approved a plan to address the requirements of a Standard, has begun to identify and plan for necessary resources, and has begun implementing the requirements.
- "Substantially Compliant" means an entity is well along in its implementation to becoming compliant with a requirement, but is not yet fully compliant.
- "Compliant" means the entity meets the full intent of the requirements and is beginning to maintain required "data, documents, documentation, logs, and records".

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- “Auditably Compliant” means the entity meets the full intent of the requirement and can demonstrate compliance to an auditor, including 12 calendar months of auditable “data, documents, documentation, logs, and records”. Per the Standards, each subsequent compliance-monitoring period will require the previous full calendar year of such material.

The implementation plan is broken into four tables as described below and found in section 8d. The tables specify a compliance schedule for NERC Functional Model “entities,” referred to as Responsible Entities in CIP-002 through CIP-009 standards. For organizations that are multiple Functional Model entities, each such Functional Model entity is required to demonstrate progress towards compliance according to the applicable table.

- Table 1 defines the implementation schedule for Balancing Authorities (BA), Transmission Operators (TOP), and Reliability Coordinators (RC) that were required to self-certify compliance to NERC’s Urgent Action Cyber Security Standard 1200 (UA 1200).
- Table 2 defines the implementation schedule for Transmission Service Providers (TSP), those Transmission Operators (TOP) and Balancing Authorities that were not required to self-certify compliance to UA 1200, NERC, and the Regional Reliability Organizations.
- Table 3 defines the implementation schedule for Responsible Entities required to register during 2006.
- Table 4 defines the implementation schedule for Responsible Entities registering to a Functional Model function in 2007 and thereafter.

Texas RE will follow the NERC Guidance for Enforcement of CIP Standards and the (Revised) Implementation Plan for Cyber Security Standards CIP-002-1 through CIP-009-1 located at the following link on the NERC web site:

[http://www.nerc.com/files/Guidance\\_on\\_CIP\\_Standards.pdf](http://www.nerc.com/files/Guidance_on_CIP_Standards.pdf)

FERC has approved version 2 of the CIP-002 through CIP-009 standards with an effective date of April 1, 2010. If the decision is made by NERC to adopt these standards and a revised Implementation Plan into the CMEP, notifications will be provided to entities of this change.

### **3.1.4 Spot Check**

In 2010, the NERC Regions will be performing spot checks for thirteen (13) requirements in CIP-002 through CIP-009 that will be classified as “Auditably Compliant” for specific functions identified in Table 1 of the Implementation Plan for Cyber Security Standards CIP-002-1 through CIP-009-1. In the ERCOT Region, only the ERCOT ISO was included in this group, and their spot check is in progress at the time of this draft in 2009. These spot checks began July 1, 2009 and will continue in the NERC Regions until the end of 2010, with the goal of assessing all applicable Registered Entities in Table 1 of the Implementation Plan for Cyber Security Standards CIP-002 through CIP-009.

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The remaining entities in Texas RE will not reach the “Auditably Compliant” stage until 2011 for these CIP standards, at which time they will be subject to audit of all 41 of these requirements during cyclical assessment based on their registration. (ERCOT ISO, as a Table 1 entity, will be subject to audit for all 41 requirements after July 1, 2010). Texas RE will conduct approximately ten spot checks of entities classified as “Compliant” in Table 3 of the Implementation Plan for Cyber Security Standards CIP-002-1 through CIP-009-1 as well to support the program and validate progress during 2010. The Table 3 spot checks may involve one or more of the requirements for which Table 3 entities are required to be at the “Compliant” stage.

NERC is also directing the Regional Entities to conduct spot-checks in 2010 for Balancing Authorities of BAL-003-0.1b, R.1, R.2, and R.5 utilizing an anticipated new RSAW. These requirements have been involved in significant reliability concerns in 2009, and a concerted effort to spot-check Balancing Authorities is needed to ensure overall frequency response for the bulk power system.

Beyond the CIP and BAL standards above, all regulatory authority-approved NERC Reliability Standards are subject to spot checks. Ten spot check recommendations have been identified by NERC in its 2010 CMEP and are listed below.

- EOP-006-1, R1 and R3 – System Restoration Coordination
- FAC-0009, R1 and R2 – Establish and Communicate Facility Ratings
- FAC-013-1, R1 and R2 – Establish and Communicate Transfer Capabilities
- FAC-014-2, R1, R2, R3, R4, R5, and R6 – Establish and Communicate System Operating Limits
- INT-004-2, R1 and R2 – Dynamic Interchange Transaction Modifications (not currently applicable in the ERCOT Region)
- IRO-006-4, R1, R2, R3, R4 and R5 – Reliability Coordination – Transmission Loading Relief
- IRO-014-1, R1, R2, R3 and R4 – Procedures, Processes, or Plans to Support Coordination between Reliability Coordinators
- PRC-010-0, R1 and R2 – Assessment of the Design and Effectiveness of UVLS Program
- PRC-011-0, R1 and R2 – UVLS System Maintenance and Testing
- TOP-003-0, R1, R2, R3 and R4 – Planned Outage Coordination

Texas RE will conduct spot checks that may include these ten and possibly other standards during 2010, and they may additionally be added to scheduled audits. Spot checking is intended primarily to verify a sample of self-certifications but may also be initiated in response to system events or to validate periodic data submittals, as described in Section 3.3 of the NERC CMEP. Texas RE may randomly select functions, Registered Entities, or particular requirements of

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Standards to conduct a spot check, with the latter approach most commonly used.

Whether initiated in response to events or operating problems as described in a Reliability Standard, system events, or conducted as a follow-up to self-certifications, Texas RE will notify the Registered Entity. Unless a particular Reliability Standard specifies the advance notice period, the Registered Entity will be allowed at least 20 days for the information to be submitted or made available for review. This request may include data, documentation, or possibly an on-site review, depending on the standard. If a particular information format is needed, it will be specified in the request to the Registered Entity.

Texas RE staff will review the information submitted to determine compliance with the Reliability Standards and may request additional data and/or information if necessary for a complete assessment of compliance.

Upon completion of its assessment of the Registered Entity for compliance with the Reliability Standard, Texas RE will provide a report to the Registered Entity indicating the results of the spot check. If a violation is indicated, a notice will be sent to the Registered Entity as with other violations and handled accordingly.

### **3.1.5 Periodic Data Submittals**

Periodic submittals consist of monthly, quarterly, and annual data submittals specified in certain Reliability Standards such as BAL-001-0. Texas RE will monitor these submittals to confirm that requirements are met per Section 3.6 of the CMEP. For monthly and quarterly submittals, Texas RE will post the current data submittal reporting schedule and required formats on its web site and inform the Registered Entities of changes or updates. Annual submittals will include direct notification to the Registered Entities of such data submittal requirements at least 30 days prior to the requested date of submittal if not otherwise specified in the Reliability Standard. As necessary, the Texas RE may use escalating notices in the Rules of Procedure's Process for Non-Submittal of Requested Data (to address lack of timeliness in submittals).

For 2010, periodic data submittals are required from the Registered Entities to Texas RE for the following Reliability Standards:

- BAL-001-0.1a – Real Power Balancing Control Performance – monthly;
- BAL-002-0 – Disturbance Control Performance (DCS) – quarterly;
- BAL-003-0.1b, R1.2 – Frequency Response and Bias – annually;
- BAL-006-1, R3, R4, R4.1, R4.2 – Inadvertent Interchange – not applicable in ERCOT;
- FAC-003-1, R2, R3, R4 – Transmission Vegetation Management Program – quarterly;
- MOD-010-0, R1, R2 - Steady-State Data for Transmission System Modeling and Simulation - annually;

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- MOD-012-0, R1, R2 Dynamics Data for Transmission System Modeling and Simulation - annually;
  - PRC-004-1, R3 – Analysis and Mitigation of Transmission and Generation Protection System Misoperations – annually or on request. Texas RE will request annual submittals of misoperations or attestations of no misoperations for the period of May 1 of the preceding year to April 30 of the current year, submitted by June 1;
  - PRC-021-1, R1 – Under-Voltage Load Shedding Program Data – annually;
  - TPL-001-0, R3 – System Performance Under Normal Conditions – annually;
  - TPL-002-0, R3 – System Performance Following Loss of a Single BES Element – annually;
  - TPL-003-0, R3 – System Performance Following Loss of Two or More BES Elements – annually;
  - TPL-004-0, R2 – System Performance Following Extreme BES Events – annually.

Additional details (and forms when appropriate) will be provided to entities at least 30 days in advance of the requested submittal date.

### **3.1.6 Exception Reporting**

Some Reliability Standards require reporting of exceptions to compliance with the Reliability Standard as a form of compliance monitoring. Per Section 3.7 of the CMEP, Texas RE shall require Registered Entities to provide Exception Reports identifying any possible violations to the extent required by any Reliability Standards. Exceptions should be reported to Texas RE using the self-reporting form on the Texas RE Web page described in Section 3.1.8 until such time as specific other forms are provided.

Texas RE shall also require Registered Entities to confirm the number of exceptions that have occurred in a given time period identified by NERC, even if the number of exceptions is zero. Monthly confirmation will be requested for TOP-007-0 (from the ERCOT ISO) with annual confirmation for the remaining standards. Additional instructions for submittal of confirmations will be provided to affected Registered Entities, the basic approach will be similar to that used for annual self-certifications using the Texas RE Portal to the extent possible.

Specific Reliability Standards and requirements in the 2010 CMEP Reliability Standard spreadsheet have been identified for exception reporting:

- BAL-003-0.1b, R1.2 – Frequency Response and Bias;
- BAL-004-0, R4.1 – Time Error Correction;
- BAL-006-1, R5 – Inadvertent Interchange;
- EOP-004-1, R3, R4, R5 – Disturbance Reporting;
- EOP-006-1, R5 – Reliability Coordination - System Restoration;
- INT-001-3, R1, R1.1, R1.2, R2, R2.1, R2.2– Interchange Information;

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- INT-003-2 – Interchange Transaction Implementation (see M2);
  - IRO-004-1, R4, R5 – Reliability Coordination - Operations Planning;
  - IRO-015-1.1, R1, R1.1, R2, R2.1, R3 – Notifications and Information Exchange between Reliability Coordinators;
  - IRO-016-1, R1, R2 – Coordination of Real-time Activities between Reliability Coordinators;
  - PER-003-0 – Operating Personnel Credentials (see Compliance Monitoring Process D.1);
  - PRC-016-0, R3 – Special Protection System Misoperations;
  - PRC-021-1, R2 – Under-Voltage Load Shedding Program Data;
  - TOP-005-1, R1, R1.1, R2, R3, R4 – Operational Reliability Information;
  - TOP-007-0, R1, R4 – Reporting SOL & IROL Violations Evaluation (see Compliance Monitoring Responsibility D.1.1); and
  - VAR-002-1.1a, R3, R4, R5.1 – Generator Operation for Maintaining Network Voltage Schedules

### **3.1.7 Compliance Violation Investigation**

Investigations are used to confirm the existence of any alleged or probable violations identified by Texas RE, NERC or other regional entities. A Compliance Violation Investigation (CVI) may be initiated at any time by Texas RE or NERC in response to a system disturbance or possible violation of a Reliability Standard identified by any means. CVIs will generally be led by Texas RE staff. However, for good cause, NERC reserves the right to assume the leadership of a compliance violation investigation.

In general, notices and steps described in Section 3.4 of the CMEP will be used for investigations. Texas RE staff will investigate and determine if violations may have occurred. Texas RE staff may, at its discretion, use site visits, data submittals, or other means to further evaluate compliance with Reliability Standards pertinent to the event.

### **3.1.8 Self Report**

Self-reporting is defined as the identification and reporting by the Registered Entity of a violation to any Reliability Standard applicable to the functions performed by the entity as the result of a self-assessment or other internal review process. It differs from Self-Certification in that no request is made by Texas RE for the internal review. Self-reporting is encouraged when a Registered Entity identifies internal violations; it will be considered a mitigating factor when Texas RE determines the appropriate sanction or penalty. A form is provided on the Texas RE Portal for self-reported violations for this purpose. Upon receiving such completed forms, Texas RE staff will review the information and evaluate the reported non-compliance, per CMEP Section 3.5.

### **3.1.9 Complaint**

NERC or Texas RE may receive a complaint from individuals or entities alleging a violation of a Reliability Standard by one or more Registered Entities. Texas

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RE will review each complaint it receives to determine if the complaint provides sufficient basis for an investigation, and provide notification to NERC in the agreed upon format. Exceptions are that NERC will review any complaint (1) that is related to Texas RE in its performance related to the functions in the delegation agreement; (2) where Texas RE determines it cannot conduct the review; (3) if the complainant wishes to remain anonymous; or (4) the complainant specifically requests NERC to conduct the review of the complaint. Notices and steps described in Section 3.8 of the CMEP will be used; the process is very similar to investigations described above and allows for similar requests for additional information.

Complaints can be emailed to Texas RE at [complaint@texasre.org](mailto:complaint@texasre.org) or can be provided verbally via Texas REs hotline at 866-797-4839. Complaints may be made confidentially, if desired. Alternatively, complaints can also be filed with NERC via their website: <https://www.nerc.net/hotline/>.

### **3.2 Reliability Standards Subject to 2010 CMEP Implementation**

All regulatory authority approved Reliability Standards and requirements are subject to a compliance audit, spot check, self report, self certification, compliance violation investigation and complaint. NERC and the Regional Entities developed risk based criteria for determining the scope of 2010 compliance audits and self certifications. The risk based criteria will help compliance auditors focus on the Reliability Standards that, if violated, pose the highest risk to the reliability of the bulk power system. This approach was first used in 2009.

NERC has designated a subset of FERC-approved Reliability Standards for active review and reporting across North America in its 2010 Implementation Plan. For these Standards, actively monitoring means that Registered Entities within the ERCOT region are required to report on their adherence to the Standards or provide data and information to Texas RE so that it can establish compliance, in accordance with the assessment approaches in this plan and the NERC Rules of Procedure.

The details are shown in the link below on the NERC Web site. Section 8a, “Actively Monitored” Standards identified for the 2010 Compliance Program has much of the same information:

[http://www.nerc.com/files/2010\\_Actively\\_Monitored\\_Reliability\\_Standards\\_093009.xls](http://www.nerc.com/files/2010_Actively_Monitored_Reliability_Standards_093009.xls)

Part of this list of standards includes NERC’s eight (8) cyber and physical security standards. Registered Entities will identify their progress towards becoming “auditably compliant” per the tables found in Section 3.1.3 of this document. The ERCOT ISO is the only Registered Entity in ERCOT that must conform to the schedule in Table 1, as the ISO participated in the original Urgent Action (UA1200) program. All other Registered Entities in the ERCOT Region will fall under the schedule found in Table 3 or Table 4, depending on when the

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entity first registered with NERC. A NERC CIP self-assessment form was developed during early 2008 and issued to Registered Entities who perform an applicable function.

Texas RE has not created any Regional Standards at this time to include in the 2010 program. Creation of Regional Standards will continue in 2010, in accordance with the NERC Rules of Procedure and Texas RE's Regional Delegation Agreement.

## 4. 2010 Program Implementation - Enforcement

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Section 5, 6 and 7 of the CMEP will be followed by the Texas RE in its evaluation and processing of violations in the ERCOT Region, determination of appropriate penalties and handling of associated mitigation plans.

### 4.1 Enforcement Steps

Possible violations resulting from any of the monitoring activities above shall be reviewed further by Texas RE staff to validate the evidence. If the evidence obtained suggests that a violation has occurred, then the violation reporting process is initiated. A Preliminary Notice of Alleged Violation will then be sent to the Registered Entity. This preliminary notice will describe the standard and requirements violated, the time of the finding, and the basis for the finding, but will not include any determination of penalties. Concurrently, an entry will be made in NERC's violation tracking tool to provide confidential notice to NERC. Both notifications will be made within 5 business days of the validation, to fulfill this reporting obligation of the CMEP.

Remedial Action Directives are used to address imminent threats to reliability of the bulk power system. Texas RE will notify NERC within 2 business days after issuing a Remedial Action Directive. Texas RE will consult with NERC prior to issuing a Remedial Action Directive.

Penalty determination (in accordance with NERC's Sanction Guidelines contained in Appendix 4B of the Rules of Procedure) will follow these preliminary notifications, including evaluation of factors that may diminish or increase a penalty. Upon completion of penalty determination, a formal Notice of Alleged Violation and Penalty or Sanction will be issued to the Registered Entity, using the format developed by NERC containing the elements described in CMEP Section 5.1. This notice will be signed by an officer or designee of the Texas RE and copied to NERC.

The Registered Entity will have 30 days to review the finding and penalty, and either accept them, contest all or part, or initiate settlement. If the finding and penalty are accepted, Texas RE will issue a Notice of Confirmed Violation to the Registered Entity, copied to NERC and accompanied by any written explanatory statements provided by the Registered Entity. At a later date, following approval of the sanction by FERC, Texas RE will invoice and collect the penalty. Alternatively, if a Registered Entity contests any violation, Texas RE will schedule a conference within ten (10) business days and attempt to resolve the concerns within forty (40) days in accordance with Section 5.2 of the CMEP. If resolution is not achieved, the Registered Entity may then request a hearing. Settlement is described in Section 4.4.

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## **4.2 Mitigation Plans**

Mitigation plans are a critical part of improving bulk power system reliability and Registered Entities must develop and follow Mitigation Plans to not only mitigate the compliance violations, but to also prevent reoccurrence of the compliance violations.

A Registered Entity found to allegedly be in violation of a Reliability Standard shall be directed to file a proposed Mitigation Plan to correct the violation with Texas RE, along with any request for extension to an existing mitigation plan, and a report of a completed mitigation. Texas RE will follow the steps and timing for mitigation plan review and acceptance as listed in CMEP Section 6.5 and in accordance with the expectations in the Mitigation Plan Table contained in Appendix 2 of NERC's 2010 CMEP Implementation Plan, along with tracking of progress and notifications to the Registered Entity and NERC. Texas RE has created a standard form for filing of Mitigation Plans that is available on its Web site.

In accordance with CMEP Section 6.0, Texas RE will determine acceptance of the proposed Mitigation Plan and NERC shall determine approval. Upon notice of completion of the Mitigation Plan from the Registered Entity, Texas RE will validate the completion of Mitigation Plans by assessing evidence of compliance provided by the Registered Entity either on-site or submitted to the Regional Entity office. The Mitigation Plan validations will be conducted in the same manner as the compliance assessment process used for the eight compliance discovery methods. This compliance assessment process will be executed by NERC-trained Texas RE staff using NERC compliance assessment guides such as Reliability Standard Audit Worksheets (RSAWs). The Mitigation Plan validation process and documentation will be retained for review by NERC.

Texas RE will comply with CMEP Section 6.6 which states: "Regional Entities will provide to NERC the quarterly status reports and such other information as NERC requests, and will notify NERC when each Mitigation Plan is verified to have been completed."

## **4.3 Regional Hearings Overview**

The Rules of Procedure mandates that a Hearing Process be available to a Registered Entity for contesting an alleged violation, penalty, sanction, mitigation plan requirement, or remedial action directive. If a Registered Entity requests a hearing, then Texas RE will initiate the process. The hearing body will be the Public Utility Commission of Texas (PUCT), and the hearing will be conducted as detailed in the Texas RE's Regional Delegation Agreement (Attachment 1 to Exhibit D of that document). The hearing body shall issue a recommendation to the Chief Compliance Officer of Texas RE, who in turn will issue a decision accepting or rejecting this recommendation. Details and timelines of this procedure are contained in the Texas RE Delegation Agreement. Records and

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notification will be provided to document the hearing results in accordance with the Rules of Procedure, and allow for the Registered Entity to appeal to NERC if it so chooses.

#### **4.4 Settlements**

Texas RE staff may agree on a settlement with a Registered Entity for a specific occurrence of non-compliance at any time up to the filing with FERC. All settlement agreements must conform to requirements of NERC Rules of Procedure 403.19. In the event of a settlement, Texas RE will issue a letter detailing the terms for NERC's review and approval. A second attempt will be made to negotiate a settlement by Texas RE should NERC reject a settlement agreement; if that proves unsuccessful, the hearing process will proceed to its conclusion.

## 5. 2010 Program Implementation – Registration and Certification

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### 5.1 Registration and Organizational Certification

Registered Entities are responsible for compliance with Reliability Standards and are owners, operators, and/or users of the bulk-power system that have at least one functional responsibility defined in any of the approved NERC or Regional Reliability Standards. Within the ERCOT Region, the ERCOT ISO currently holds registration as the Reliability Coordinator, Balancing Authority, Transmission Operator, Planning Authority, Resource Planner, Interchange Authority and Transmission Service Provider. Other entities in ERCOT hold the remaining NERC functional registrations, either individually or as part of joint registrations.

Texas RE has no pending registration appeals. Certain entities in the ERCOT region have agreed to a joint registration organization/coordinated functional registration (CFR) for the Load Serving Entity (LSE) function. This CFR will be effective on January 1, 2010. On January 2, 2010 Texas RE will register any other needed LSEs to ensure that the region has no related gaps.

Further activity in joint registration is expected during 2010 as well as ongoing maintenance of registration contacts and data.

Texas RE will monitor, assess, and enforce compliance with the Reliability Standards and specific requirements for each Registered Entity that has compliance responsibilities as defined in its registration. Texas RE continues to make its best efforts to register all entities subject to the Reliability Standards and will provide its list, with revisions, to the ERO and other applicable authorities as appropriate. Texas RE will perform these updates as specified in the NERC Implementation Plan, and will work with NERC during 2010 to incorporate any further process changes.

Each Registered Entity has a primary compliance contact for issues regarding compliance. This person may or may not be the same as the point of contact as the Entity's contact maintained for its ERCOT ISO registration as defined by the ERCOT Protocols. It is the responsibility of each Registered Entity to keep its compliance contact information up-to-date. Texas RE will not be using the same contact lists for compliance communications as maintained by the ERCOT ISO's Wholesale Account Managers.

Organizational Certification requirements and processes will be provided by NERC and Texas RE will carry out those responsibilities. In 2010, it is possible that development of joint registration, particularly for the Transmission Operator function, will lead to additional Registered Entities requiring certification. Texas

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RE will initiate, schedule and lead any such additional Organizational Certification audits in accordance with the NERC processes as required.

## **5.2 Data Collection and Retention**

Texas RE will ensure that records related to the compliance program are maintained in a secure location, according to the records management and retention requirements identified in Section 9 of the CMEP. Texas RE has implemented secure handling procedures for receiving and managing Critical Energy Infrastructure Information (CEII). Record retention policies and practices provide for a minimum five (5) year retention period unless longer intervals are required by certain Reliability Standards. During 2010, Texas RE plans to transition to wider usage of a web-portal and database system noted earlier.

## 6. Outreach Efforts

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Texas RE aims to build cooperative relationships with all Registered Entities, industry segments, ERCOT Region market participant committees and working groups, and regulators through regular, consistent messaging regarding all of Texas RE's program areas.

Continuing strong communications and cooperative relationships will be especially crucial in the year 2010, because the ERCOT Region plans to implement its nodal market system. Also, Texas RE will be forming and transitioning to a new separate entity in 2010.

At the same time, Texas RE will continue to nurture the established communications and relationships with NERC and the other Regional Entities as the ERO and Regional Entities continue to operate under the approved delegation agreements.

Texas RE seeks to deliver a consistent message through a variety of electronic media (including a newsletter) as a timely and efficient means of providing important information to the industry and the public.

### **6.1 Texas RE Web site and Web pages**

The current Texas RE Web site provides access to documents, forms and background material associated with compliance monitoring and enforcement, as well as other statutory functions. The new Texas RE Web site is now up and running with the goal of making access to information more straightforward for Registered Entity personnel. Texas RE's Web site has enhanced the Texas RE online presence to build identity, awareness, and provide useful information about Texas RE and its mission as follows:

- Increases awareness of Texas RE's mission and NERC and ERCOT Region-specific requirements for compliance
- Provides comprehensive information and resources on standards, compliance, and registration requirements, including enforcement of compliance, changes to standards and requirements, and answers to frequently asked questions
- Acts as a gateway to the externally hosted applications and related external Web sites
- Attracts qualified and diverse staff
- Promotes new information and educational opportunities
- Serves as the foundation for additional information systems

### **6.2 Compliance Workshops, Seminars and Public Meetings**

The Texas RE will conduct at least two general workshops on the Compliance program during 2010, tentatively with day-long events in spring and fall. Another day-long workshop associated with the NERC cyber security standards

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compliance will also be conducted during 2010. WebEx remote meeting facilitation capability to reach a wider audience will be utilized in these workshops.

Texas RE staff also will participate in a variety of other outreach activities. The annual ERCOT Operations Training seminar will include presentations by Texas RE staff at all six sessions during the spring of 2010. Staff attends and participates in a variety of ERCOT Regional stakeholder meetings, providing monthly reports to the Technical Advisory Committee and the Reliability and Operating Subcommittee (ROS). Other meetings that Texas RE staff attends on an as-needed basis include the ROS' technical working groups, the Wholesale Operations Subcommittee and its working groups, and the Protocol Revision Subcommittee.

### **6.3 Newsletters**

In 2008 Texas RE began publishing the "Texas REview" newsletter quarterly. In 2009 due to high demand Texas RE changed the newsletter's publication cycle to every other month.

The newsletter is intended for users, owners, and operators of the bulk power system in the ERCOT region. Compliance with NERC Reliability Standards and Regional Reliability Standards is an important activity within the ERCOT region as well as all regions across North America.

Part of Texas RE's responsibility is to educate those who are subject to NERC Reliability Standards and Regional Reliability Standards. Each issue of the "Texas REview" offers the reader a summary of Texas RE news, activities and training opportunities, updates on NERC and Regional Reliability Standards, and related news of interest.

## 7. Self Improvement Activities

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### 7.1 Internal Training

- Auditor Training
  - NERC web-based training for new employees
  - NERC CIP audit training – several staff will attend in 2010
  - Two-day supplemental internal auditor training program in 2010
- Lead Auditor Training from NERC
  - Required for all Texas RE audit team staff
- ERCOT Fundamentals Training / Operator Training
  - Certification recommended for all Texas RE employees
  - Completion of computer-based training for all auditors during first half of 2010
- Annual Ethics and Anti-Trust Training
  - Required for all employees
- Attendance at workshops given by NERC, Texas RE and other regions on a selective basis. Examples:
  - CIP workshops
  - Wind workshops
  - ERCOT Operations Training Seminar
- Continued support of and participation in ERCOT working groups and committees

### 7.2 Self Assessments and Benchmarking

During 2010, Texas RE is planning on initiating or expanding a number of improvement activities.

- Self-Assessments
  - Internal audit program
  - Lessons learned activities internally
    - Post mortems on audits
    - Incorporating any feedback / recommendations from FERC and NERC
- Benchmarking
  - Comparison to other regions in terms of:
    - Compliance activities performed
    - Training and workshop activities
    - Newsletters
    - Budget / spending to meet requirements

### 7.3 Experience

Texas RE personnel have a wide range of operational and/or engineering experience in the electric power industry or in conducting audits and quality

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programs in other industries. The intent is to bring the best ideas together to develop practices that will enhance the reliability of the BPS of the ERCOT region while recognizing the unique aspects of its operation.

#### **7.4 Texas RE's Self Improvement Goals for 2010**

- 2010 Organization Registration and Certification Goals and Objectives:
  1. Maintain an accurate registration list of all owners, operators, and users of the bulk power system by establishing a schedule to verify entity registration and contact information.
  2. Provide updated Registered Entity information to NERC and appropriate government authorities.
  3. Participate in development of registration procedures, policies and databases with NERC and FERC, and implement and communicate changes as necessary.
  4. Appropriately address all registration appeals to completion.
  5. Implement organization certification in accordance with NERC processes, some of which are still under development – conduct required audits.
  6. Maintain processes and procedures for carrying out the delegated certification activities that are required by the certification standards.
  7. Complete a review of policies and procedures with the goal of improving clarity of communications with Registered Entities and to determine how it may be possible to mitigate the cost of compliance without impacting reliability.
  8. Implement any recommendations from the recently completed FERC audit and upcoming NERC audit of Texas RE.
  
- 2010 Compliance Monitoring and Enforcement Program Goals and Objectives:
  1. Complete Compliance Audits per the 2010 schedule including additional audits required by joint registrations.
  2. Conduct compliance analysis of all significant events and other system disturbances.
  3. Conduct Compliance Violation Investigations in accordance with CMEP.
  4. Analyze and investigate all Complaints.
  5. Complete Self-Certifications, Exception Report Verifications and Periodic Data Submittal activities for all Registered Entities.
  6. Perform Spot Checks as required.

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7. Process Self-Reports and Exception Reports as received.
  8. Conduct enforcement related activities, including penalty calculations, acceptance and validation of mitigation plans, settlement negotiations, and handling of appeals as needed, in accordance with the CMEP.
  9. Continue to work with other Regional Entities to improve auditing consistency and reduce the burdens associated with audits and other assessments of Registered Entities with operations in multiple regions.
  10. Participate actively with NERC and the other Regional Entities in working groups aimed to address program issues, improve consistency, develop outreach programs, and provide input to standards and program development.
  11. Implement any recommendations from the upcoming NERC audit of Texas RE.
- 2010 Training, Education and Operator Certification Program Goals and Objectives
    1. Coordinate and facilitate the annual Operations Training Seminar in 2010.
    2. Create internal training programs for Texas RE staff to enhance knowledge of the BPS, maintain familiarity with CMEP provisions and improve skills needed for effective audits, investigations and enforcement proceedings.
    3. Coordinate and facilitate 2 general compliance workshops, and 1 cyber security workshop, to be attended by Registered Entities and other stakeholders.
    4. Assist with developing and providing training to Registered Entities as needed (i.e. cyber-security).

## 8. 2010 Standards and Audit Schedule

### 8.1 “Actively Monitored” Standards identified for the 2010 Compliance Program.

**Summary of the 2010 CMEP Reliability Standards**

Number of Reliability Standards				
Year	2007	2008	2009	2010
Compliance Audit	39	60	49	55
Self Certification	39	60	52	59
Periodic Data Submittals	--	--	12	15
Exception Reporting	--	--	14	19
Spot Check	0	0	13	17
Subject to Compliance Violation Investigation	--	--	94	95
Subject to Self Reporting	--	--	94	95
Subject to Complaint	--	--	94	95

**Summary of the 2010 CMEP reliability requirements**

Number of Requirements				
Year	2007	2008	2009	2010
Compliance Audit	385	610	418	554
Self Certification	385	610	548	579
Periodic Data Submittals	--	--	79	55
Exception Reporting	--	--	102	58
Spot Check	0	0	106	259
Subject to Compliance Violation Investigation	--	--	1012	1016
Subject to Self Reporting	--	--	1012	1016
Subject to Complaint	--	--	1012	1016

**2010 Actively Monitored CMEP Reliability Standards List**

<b>Reliability Standard (FERC Approved)</b>	<b>Mandatory Effective Date</b>	<b>Compliance Audit</b>	<b>Self Certification</b>	<b>Spot Check</b>
<a href="#">BAL-001-0.1a</a>	<b>as of 5/13/2009</b>			
<a href="#">BAL-002-0</a>		<b>X</b>	<b>X</b>	
<a href="#">BAL-003-0.1b</a>	<b>as of 5/13/2009</b>	<b>X</b>	<b>X</b>	<b>X</b>
<a href="#">BAL-004-0</a>				
<a href="#">BAL-005-0.1b</a>	<b>as of 5/13/2009</b>	<b>X</b>	<b>X</b>	
<a href="#">BAL-006-1</a>				
<a href="#">COM-001-1.1</a>	<b>as of 5/13/2009</b>	<b>X</b>	<b>X</b>	
<a href="#">COM-002-2</a>		<b>X</b>	<b>X</b>	
<a href="#">CIP-001-1</a>		<b>X</b>	<b>X</b>	
<a href="#">CIP-002-1</a>		<b>X</b>	<b>Semi-Annual</b>	<b>X</b>
<a href="#">CIP-003-1</a>		<b>X</b>	<b>Semi-Annual</b>	<b>X</b>
<a href="#">CIP-004-1</a>		<b>X</b>	<b>Semi-Annual</b>	<b>X</b>
<a href="#">CIP-005-1</a>		<b>eff 7/1/2010</b>	<b>Semi-Annual</b>	<b>eff 7/1/2010</b>
<a href="#">CIP-006-1</a>		<b>eff 7/1/2010</b>	<b>Semi-Annual</b>	<b>eff 7/1/2010</b>
<a href="#">CIP-007-1</a>		<b>X</b>	<b>Semi-Annual</b>	<b>X</b>
<a href="#">CIP-008-1</a>		<b>X</b>	<b>Semi-Annual</b>	<b>X</b>
<a href="#">CIP-009-1</a>		<b>X</b>	<b>Semi-Annual</b>	<b>X</b>
<a href="#">EOP-001-0</a>		<b>X</b>	<b>X</b>	
<a href="#">EOP-002-2.1</a>	<b>as of 5/13/2009</b>	<b>X</b>	<b>X</b>	
<a href="#">EOP-003-1</a>		<b>X</b>	<b>X</b>	
<a href="#">EOP-004-1</a>				
<a href="#">EOP-005-1</a>		<b>X</b>	<b>X</b>	
<a href="#">EOP-006-1</a>		<b>X</b>	<b>X</b>	<b>X</b>
<a href="#">EOP-008-0</a>		<b>X</b>	<b>X</b>	
<a href="#">EOP-009-0</a>				
<a href="#">FAC-001-0</a>		<b>X</b>	<b>X</b>	
<a href="#">FAC-002-0</a>		<b>X</b>	<b>X</b>	

<a href="#">FAC-003-1</a>		X	X	
<a href="#">FAC-008-1</a>		X	X	
<a href="#">FAC-009-1</a>		X	X	X
<a href="#">FAC-010-2</a>	as of 4/29/2009	X	X	
<a href="#">FAC-011-2</a>	as of 4/29/2009	X	X	
<a href="#">FAC-013-1</a>			X	X
<a href="#">FAC-014-2</a>	as of 4/29/2009	X	X	X
<a href="#">INT-001-3</a>				
<a href="#">INT-003-2</a>				
<a href="#">INT-004-2</a>				X
<a href="#">INT-005-2</a>				
<a href="#">INT-006-2</a>				
<a href="#">INT-007-1</a>				
<a href="#">INT-008-2</a>				
<a href="#">INT-009-1</a>				
<a href="#">INT-010-1</a>				
<a href="#">IRO-001-1.1</a>	as of 5/13/2009	X	X	
<a href="#">IRO-002-1</a>		X	X	
<a href="#">IRO-003-2</a>		X	X	
<a href="#">IRO-004-1</a>		X	X	
<a href="#">IRO-005-2</a>	as of 1/22/09*	X	X	
<a href="#">IRO-006-4</a>		X	X	X
<a href="#">IRO-014-1</a>				X
<a href="#">IRO-015-1</a>				
<a href="#">IRO-016-1</a>				
<a href="#">MOD-006-0.1</a>	as of 5/13/2009			
<a href="#">MOD-007-0</a>				
<a href="#">MOD-010-0</a>			X	
<a href="#">MOD-012-0</a>			X	
<a href="#">MOD-16-1.1</a>	as of 5/13/2009			
<a href="#">MOD-017-0.1</a>	as of 5/13/2009			
<a href="#">MOD-018-0</a>				
<a href="#">MOD-019-0.1</a>	as of 5/13/2009			
<a href="#">MOD-020-0</a>				
<a href="#">MOD-021-0</a>				

<a href="#">NUC-001-1</a>	<b>as of 4/01/10</b>	X	X	
<a href="#">PER-001-0</a>		X	X	
<a href="#">PER-002-0</a>		X	X	
<a href="#">PER-003-0</a>		X	X	
<a href="#">PER-004-1</a>		X	X	
<a href="#">PRC-001-1</a>		X	X	
<a href="#">PRC-004-1</a>		X	X	
<a href="#">PRC-005-1</a>		X	X	
<a href="#">PRC-007-0</a>				
<a href="#">PRC-008-0</a>		X	X	
<a href="#">PRC-009-0</a>				
<a href="#">PRC-010-0</a>				X
<a href="#">PRC-011-0</a>				X
<a href="#">PRC-015-0</a>				
<a href="#">PRC-16-0.1</a>	<b>as of 5/13/2009</b>			
<a href="#">PRC-017-0</a>		X	X	
<a href="#">PRC-018-1</a>				
<a href="#">PRC-021-1</a>				
<a href="#">PRC-022-1</a>				
<a href="#">TOP-001-1</a>		X	X	
<a href="#">TOP-002-2</a>		X	X	
<a href="#">TOP-003-0</a>	<b>4/1/2009</b>		X	X
<a href="#">TOP-004-2</a>	<b>as of 1/22/09</b>	X	X	
<a href="#">TOP-005-1.1</a>	<b>as of 5/13/2009</b>			
<a href="#">TOP-006-1</a>		X	X	
<a href="#">TOP-007-0</a>		X	X	
<a href="#">TOP-008-1</a>		X	X	
<a href="#">TPL-001-0.1</a>	<b>as of 5/13/2009</b>	X	X	
<a href="#">TPL-002-0</a>		X	X	
<a href="#">TPL-003-0</a>		X	X	
<a href="#">TPL-004-0</a>			X	
<a href="#">VAR-001-1</a>		X	X	
<a href="#">VAR-002-1.1a</a>	<b>as of 5/13/2009</b>	X	X	
95		55	60	19

For the complete listing of monitoring by requirements and functional registration, please see the complete document at the following link on the NERC Web site:

[http://www.nerc.com/files/2010\\_Actively\\_Monitored\\_Reliability\\_Standards\\_093009.xls](http://www.nerc.com/files/2010_Actively_Monitored_Reliability_Standards_093009.xls)

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Note that any of the FERC-approved standards may be reviewed during investigations, complaints or spot checks, and violations discovered will be fully enforceable.

Regarding additional standards, Texas RE has no planned additional NERC Reliability Standards proposed for monitoring and enforcement as part of this plan. There currently are no Regional Standards that apply within the ERCOT Region.

Events within the ERCOT Region, complaints or review of violations may result in Spot Checks or Compliance Violation Investigations per the CMEP. Entities may choose to self-report violations as well. Assessment and enforcement in these cases may involve any FERC-approved Reliability Standard requirement, not just those selected for active monitoring in 2010.

## 8.2 Texas Regional Entity's 2010 Draft Annual Audit Plan

NERC ID#	Registered Entity Name	Start Date	End Date	Location
NCR10187	WHARTON COUNTY GENERATION, LLC	1/12/10	1/14/10	Texas RE Office
NCR04141	TEXAS MUNICIPAL POWER AGENCY	1/19/10	1/21/10	Texas RE Office
NCR04016	BRAZOS ELECTRIC POWER CO OP INC	1/27/10	1/29/10	Waco, TX
NCR04017	BRAZOS ELECTRIC POWER CO OP INC	1/27/10	1/29/10	Waco, TX
NCR04018	BROWNSVILLE PUBLIC UTILITY BOARD	2/2/10	2/4/10	Texas RE Office
NCR04019	BROWNSVILLE PUBLIC UTILITY BOARD AEP (RES)	2/2/10	2/4/10	Texas RE Office
NCR04020	BROWNSVILLE PUBLIC UTILITY BOARD CALPINE (RES)	2/2/10	2/4/10	Texas RE Office
NCR04021	BROWNSVILLE PUBLIC UTILITY BOARD TENASKA (RES)	2/2/10	2/4/10	Texas RE Office
NCR00551	EDF TRADING NORTH AMERICA, LLC	2/9/10	2/11/10	Houston, TX
NCR04011	BASF CORP	2/16/10	2/18/10	Texas RE Office
NCR04025	BUFFALO GAP WIND FARM LLC	3/2/10	3/4/10	Texas RE Office
NCR10210	BRAZOS WIND, LP	3/9/10	3/11/10	Texas RE Office
NCR04006	AMERICAN ELECTRIC POWER SERVICE CORPORATION	3/16/10	3/18/10	Columbus, OH
NCR10020	GOLDEN SPREAD ELECTRIC COOPERATIVE INC	3/23/10	3/25/10	Texas RE Office
NCR04033	CITY OF GARLAND	4/6/10	4/8/10	Garland, TX
NCR04075	GEUS (RES)	4/13/10	4/15/10	Texas RE Office
NCR04076	GEUS (TDSP)	4/13/10	4/15/10	Texas RE Office
NCR04110	OXY VINYLS LP	4/20/10	4/22/10	Texas RE Office
NCR00542	OAK GROVE MANAGEMENT COMPANY, LLC	4/27/10	4/29/10	Texas RE Office
NCR04050	DESERT SKY WIND FARM LP	5/4/10	5/6/10	Texas RE Office
NCR04056	ERCOT ISO	5/18/10	5/20/10	Taylor, TX
NCR04052	DPS GREGORY, LLC	5/25/10	5/27/10	Texas RE Office
NCR04077	GREGORY POWER PARTNERS LP	5/25/10	5/27/10	Texas RE Office
NCR04005	OPTIM ENERGY TWIN OAKS, LP	6/8/10	6/10/10	Irving, TX
NCR10072	OPTIM ENERGY ALTURA COGEN, LLC	6/8/10	6/10/10	Irving, TX
NCR10150	OPTIM ENERGY MARKETING AND TRADING, LLC	6/8/10	6/10/10	Irving, TX
NCR10327	OPTIM ENERGY CEDAR BAYOU 4, LLC	6/8/10	6/10/10	Irving, TX
NCR10217	BIG BROWN POWER COMPANY LLC	6/15/10	6/17/10	Texas RE Office
NCR01095	EXELON GENERATION COMPANY LLC	6/22/10	6/24/10	Kennett Square, PA
NCR04057	EXELON GENERATION COMPANY LLC	6/22/10	6/24/10	Kennett Square, PA
NCR04058	EXXONMOBIL REFINING AND SUPPLY COMPANY	6/29/10	7/1/10	Texas RE Office
NCR04091	LCRA TRANSMISSION SERVICES CORPORATION	7/13/10	7/15/10	Austin, TX
NCR10179	KERRVILLE PUBLIC UTILITY BOARD	7/20/10	7/22/10	Texas RE Office
NCR10133	LUMINANT ENERGY COMPANY LLC	8/3/10	8/5/10	Dallas, TX

NCR10219	LUMINANT GENERATION COMPANY, LLC	8/3/10	8/5/10	Dallas, TX
NCR10262	FLORESVILLE ELECTRIC LIGHT & POWER SYSTEM	8/10/10	8/12/10	Texas RE Office
NCR10180	NUECES ELECTRIC COOPERATIVE, INC.	8/17/10	8/19/10	Texas RE Office
NCR04029	CITY OF AUSTIN DBA AUSTIN ENERGY	8/24/10	8/26/10	Austin, TX
NCR04109	ONCOR ELECTRIC DELIVERY	9/14/10	9/16/10	Dallas, TX
NCR04112	POWER RESOURCES LTD	9/21/10	9/23/10	Texas RE Office
NCR10233	SAN PATRICIO ELECTRIC COOP.	9/28/10	9/30/10	Texas RE Office
NCR10236	CITY OF LOCKHART, TEXAS	9/28/10	9/30/10	Texas RE Office
NCR04124	SOUTH TEXAS ELECTRIC CO OP INC	10/5/10	10/7/10	Nursery, TX
NCR04146	THE DOW CHEMICAL CO	10/12/10	10/14/10	Texas RE Office
NCR04059	FORMOSA UTILITY VENTURE LTD	10/19/10	10/21/10	Point Comfort, TX
NCR10259	IBERDROLA RENEWABLES	10/26/10	10/28/10	Texas RE Office
NCR04162	WESTAR ENERGY INC (QSE)	11/2/10	11/4/10	Topeka, KS
NCR10199	WESTAR SQ1	11/2/10	11/4/10	Topeka, KS

NOTE: This schedule was proposed in October 2009 with minor changes in November. Modifications may occur; the most current schedule will be posted on Texas RE's website. NERC also maintains a complete schedule of audits for all Regions. This may lag the above Texas Regional Entity schedule slightly as it is updated once a month.